

EXHIBIT C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SOKOL HOLDINGS, INC., BRIAN SAVAGE and
THOMAS SINCLAIR

Plaintiffs,

-against-

BMB MUNAI, INC., ALEXANDRE AGAIAN,
BAKHYTEK BALSEITOV, GEORGES BENARROCH,
BORRIS CHERDABAYEV, MIGALI KUNAYEV,
CREDIFINANCE CAPITAL, INC. and CREDIFINANCE
SECURITIES, LTD.

Defendants.

05 CV 3749 (KMW)

**DECLARATION OF THOMAS
SINCLAIR IN SUPPORT OF
PLAINTIFFS' OPPOSITION TO
DEFENDANTS' MOTION TO
DISMISS OR STAY**

THOMAS SINCLAIR declares under penalty of perjury:

1. I am a Plaintiff in this case an a officer and a member of the Board of Directors of Sokol Holdings, Inc. ("Sokol"). I submit this declaration in support of Plaintiffs' Opposition to Defendants' Motion to Dismiss or to Stay, dated June 12, 2006. If called to testify in this case, I would verify, under oath, the facts in this Declaration.

2. I have personal knowledge of the following facts concerning the ties of Defendants to New York:

a. During the time period February, 2003, through May, 2003, as Brian Savage ("Savage") and I conceived of and implemented the Sokol Business Plan, Alexandre Agaian ("Agaian") and his company ANBI were located in New York.

b. Agaian and ANBI were, at all relevant times, the agents in New York City for Defendant Bakhytbek Baiseitov ("Baiseitov"). To my knowledge, Baiseitov was often in contact by phone with Agaian in New York, relating to Sokol, BMB and other business matters.

Further, to my knowledge, Baiseitov visited New York city regularly to monitor his business interests with Agaian.

c. As far as the other Defendants travels to New York, I attach materials hereto, showing the following:

i. I am aware that Georges Benarroch ("Benarroch"), Boris Cherdabayev ("Cherdabayev"), Mirgali Kumayev ("Kumayev") and Baiseitov were in regular contact with Agaian, in New York, during the period of time relevant to this case. They communicated with Agaian about the conception and development of Sokol and their subsequent usurpation of that opportunity by engaging in the deal using BMB Holdings, Inc. ("BMB") instead of Sokol.

ii. On or around July 3, 2003, Defendants Georges Benarroch ("Benarroch") and Baiseitov met in New York City, concerning what I thought to be the Sokol deal. At the time of that New York City meeting Savage and I were still unaware that the Individual Defendants and Credifinance were executing to the Sokol Business Plan, but excluding Savage, Sokol and me. In support of the occurrence of this meeting, I attach hereto as Exhibit A, a July 3, 2003 email from Benarroch to me regarding that meeting.

ii. On August 18, 2003, InterUnion Financial Corporation ("IUFN") announced that it had signed a letter of intent ("IUFN LOI") with BMB for the merger of the two companies. See August 18, 2003 IUFN press release, attached hereto as Exhibit B. This merger among IUFN and BMB was the same transaction that Savage, Sokol and I had conceived and proposed to Defendants in this case.

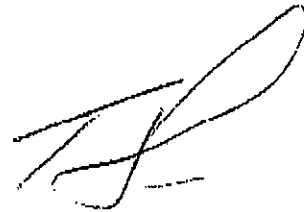
iii. With regard to the IUFN LOI, Defendant Benarroch and several of his associates from Defendant Credifinance attended a meeting in New York, New York, during

which the interested parties signed the IUFN LOI. I remember knowing of this meeting in New York City because it occurred on August 14, 2003, the day of the New York blackout.

Benarroch informed me that he and his colleagues hired a car in New York to drive them back to Toronto, Canada that day. Benarroch also confirmed that meeting to me in an August 16, 2003 email attached hereto as Exhibit C. It is my understanding and recollection that the principles of BMB, including Cherdabayev, Kunayev and Baiseitov, attended this meeting in New York to sign the IUFN LOI.

3. By attaching Exhibits to this Declaration, I do not intend to waive any privilege that I or my attorneys may have over any privileged information that may inadvertently be disclosed.

I declare under the penalties of perjury under the laws of the United States and of this District that the foregoing is true and correct to the best of my knowledge and belief. Executed this 17th Day of July, 2006, London, England.



THOMAS SINCLAIR

EXHIBIT A

Jacob A. Goldberg

From: "Georges Benarroch" <bank@credifinance.com>
To: "Thomas Sinclair" <sinclair_68@yahoo.com>
Sent: Thursday, July 03, 2003 9:27 AM
Subject: Fw: BMB HOLD

----- Original Message -----

From: Georges Benarroch
To: Tom Sinclair
Sent: Thursday, July 03, 2003 9:13 AM
Subject: BMB HOLD

Dear Tom:

I believe we had a constructive reunion in NYC and I enjoyed meeting Bakhytbek Baiseitov
All the best

Georges Benarroch

EXHIBIT B

Jacob A. Goldberg

From: "Tom" <sinclairthomas@hotmail.com>
To: <kmg-almaty@mail.ru>; <cherdabayev@mail.ru>; <bbayseit@centercredit.kz>
Sent: Monday, August 18, 2003 9:11 PM
Subject: InterUnion Signs Letter of Intent for Oil & Gas Property In Kazakhstan

Dear Mirgali/Boris/Bakhit,

I spoke with Alex briefly this morning regarding this press release, he was unaware that it had been released so quickly having met with Credifinance on Friday. He also said that I was to discuss with you my future role and shareholding status. I would like that discussion as soon as possible.

regards

Tom

InterUnion Signs Letter of Intent for Oil & Gas Property In Kazakhstan
Monday August 18, 4:31 pm ET

PALM BEACH, Fla.--(BUSINESS WIRE)--Aug. 18, 2003--InterUnion Financial Corporation ("InterUnion") (OTCBB: IUFN - News), announced today that it has entered into a non-binding Letter of Intent (the "LOI") with BMB Holding, Inc. ("BMB"), a Delaware corporation with offices in New York and Almaty, Kazakhstan, for the proposed acquisition by InterUnion of all of the outstanding shares of BMB, which indirectly holds a 70% interest in the Aksaz, Dolinnoe and Emir oil fields in Kazakhstan (the "Acquisition").

ADVERTISEMENT

BEFORE YOU DIVE BACK
INTO THE MARKET,
**GET 3 FREE EQUITY
SNAPSHOT REPORTS™**
TO HELP YOU
TEST THE WATERS.>
ORDER YOUR FREE REPORTS TODAY.>
charles SCHWAB

The proposed Acquisition is subject to certain conditions, including due diligence, the execution of a definitive agreement and approval of the Acquisition by the board of directors and shareholders of the respective companies as well as all regulatory and other approvals.

The terms of the Acquisition provide that InterUnion will issue to the shareholders of BMB 142,857,143 Common Shares, nominate 4 directors of BMB to the InterUnion board of directors, will obtain InterUnion shareholders approval for a share consolidation on the basis of one InterUnion share for ten old InterUnion shares and will raise up to \$10 million ("the Financing"). InterUnion and BMB expect that the Closing of the Acquisition and of the Financing will occur on or before October 27, 2003.

BMB has secured the services of Credifinance Securities Limited, of Toronto, Canada ("Credifinance") as advisor for the Acquisition and to raise a maximum of \$10,000,000.

Since interest for investments in the CIS has developed in 1994, Credifinance has provided expert advice on all aspects of investment banking, including Toronto Stock Exchange sponsorship, and arranged financing for a number of US and Canadian oil & gas companies in and around the Caspian Sea.

BMB

BMB Holding, Inc. is an independent company engaged in the exploration, development, exploitation and production of crude oil and natural gas. The Company's operations are primarily focused onshore in the hydrocarbon rich Caspian Sea region of the Republic of Kazakhstan. BMB conducts its operations in Kazakhstan

through a 70%-owned subsidiary, Emir Oil, LLC ("Emir Oil"). Emir Oil is a limited liability corporation organized under the laws of Kazakhstan.

Emir Oil's principal asset is its licence for the ADE Fields - Aksaz, Dolinnoe and Emir - located onshore, 45 kilometres northeast of the Caspian Sea port city of Aktau, in the Mangistau oblast of western Kazakhstan. The ADE hydrocarbon reserves have been evaluated by PGS Reservoir Consultants of Oslo, Norway. PGS estimates recoverable reserves in the three fields at 145 million barrels of oil and 400 billion cubic feet of natural gas (expected case). Of this, reserves currently in the proved category are estimated at 33 million barrels of oil and 100 billion cubic feet of natural gas.

The directors of BMB who will join the InterUnion board of directors are:

- Mr. Boris Cherdabayev: a prominent figure in the Kazakhstan energy sector, with 30 years experience in the Petroleum industry. Mr. Cherdabayev has been on the board of directors or has been an executive of companies such as TCO TengizChevroil; national oil and gas company Kazakhoil; Uzenmunaygas; Kazakhoil-Emba; Kazakhstancaspiyshelf; MangistauMunaiGas, Mangyshlakneft; Karakadukmunai and many other entities;
- Mr. Bakhytbek Baiseitov, a prominent figure in banking, business and political circles of Kazakhstan: after starting a brilliant career at the State Bank of Kazakhstan and being the youngest Head of the Industrial Department of the Kazakh Republican Office of the State Bank of the USSR, Mr. Baiseitov founded Bank CenterCredit, the first private (cooperative) bank in the USSR of which he was and still is Chairman. Amongst a number of other positions held in the private and public sectors, Mr. Baiseitov is also Chairman of Kazakhstan International Bank and President of The Banking Association of Kazakhstan;
- Dr. Mirgali Kunayev, a prominent figure in the business circles of Kazakhstan: Chairman of the Board of AralParket, a joint venture between Parker Drilling, a U.S. drilling company and AralNedra, a Kazakh company. Dr. Kunayev was a president of KazakhstanCaspiShelf, a state oil company. He is now on the board of directors of Bank CenterCredit, several oil & gas services companies operating on and offshore in the pre-Caspian basin and serves as Chairman and CEO of a U.S. public company, EMPS Corporation;
- Dr. Alexandre Agaian: since creating the very first commercial bank in the USSR in 1988, the Innovation Bank of St. Petersburg, Dr. Agaian has served as Chairman or director of a number of banks or financial institutions in Russia and the U.S.

InterUnion

InterUnion Financial Corporation is a business bank specialized in providing financial services.

The information contained in this release includes forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially.

Certain statements contained herein constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied. Forward-looking statements involve risks and uncertainties, including but not limited to, such risks as are described in the Company's annual report.

Contact:

For InterUnion Financial Corporation:
Georges Benarroch, 561/845-2849
www.interunion-financial.com
or
Brad Peech, 416/955-0159
www.credifinance.com

EXHIBIT C

Jacob Goldberg

From: Thomas Sinclair [tsinclair@sokolholdings.com]
Sent: Monday, July 17, 2006 11:57 AM
To: Jacob Goldberg; jgoldberg@faruqilaw.com
Subject: Fw:
Importance: High

REDACTED
ATTY/CLIENT PRIV.

----- Original Message -----

From: Georges Benarroch
To: Tom
Sent: Saturday, August 16, 2003 11:03 AM
Subject: Re:

We finished our meeting at 4:05pm on Thursday...and got stuck in NYC!
It was a good meeting and the following 24 hours were an interesting experience
We still enjoy living here

Regards

Georges Benarroch

----- Original Message -----

From: Tom
To: bank@credifinance.com ; sales@credifinance.com ; Bill McGee
Sent: Friday, August 15, 2003 5:22 AM

SARS, Terrorism , Blackouts...

about time you guys came for a trip to Almaty

EXHIBIT D

10KSB 1 k033106.htm 10-KSB YEAR ENDED MARCH 31, 2006

United States
Securities and Exchange Commission
Washington, DC 20549

FORM 10-KSB

Annual Report under Section 13 or 15(d) of
The Securities Exchange Act of 1934

For the Fiscal Year Ended
March 31, 2006

Commission File Number
000-28638

BMB MUNAI, INC.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

30-0233726

(I.R.S. Employer Identification No.)

202 Dostyk Ave. 4th Floor, Almaty, Kazakhstan 050051
(Address of principal executive offices)

+7 (3272) 37-51-25/31

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12 (g) of the Act: Common Stock \$0.001
Par Value.

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Check if there is no disclosure of delinquent filers in response to item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ☐

Indicate by check mark whether the registrant is an accelerated filer.
YES ☐ NO ☒

The registrant's revenues for its most recent fiscal year: \$5,956,731

The aggregate market value of the voting stock held by non-affiliates based on the average bid and ask prices of such stock on June 22, 2006 was approximately \$202,301,934.

As of June 22, 2006, the registrant had 43,740,657 shares of its \$.001 par value common stock outstanding.

Transitional small business disclosure format (check one) Yes ☐ No ☒

DOCUMENTS INCORPORATED BY REFERENCE: None

BMB MUNAI, INC.
FORM 10-KSB
TABLE OF CONTENTS

	<u>Page</u>
PART I	
Items 1 and 2. Business and Properties	3
Item 3. Legal Proceedings	23
Item 4. Submission of Matters to Vote of Security Holders	25
PART II	
Item 5. Market for Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities	25
Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Item 7. Financial Statements	39
Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures	39
Item 8A. Controls and Procedures	40
Item 8B. Other Information	
PART III	
Item 9. Directors and Executives Officers of the Registrant	40
Item 10. Executive Compensation	45
Item 11. Security Ownership of Certain Beneficial Owners and Management	46
Item 12. Certain Relationships and Related Transactions	48
Item 13. Exhibits	49
Item 14. Principal Accountant Fees and Services	49
Signatures	50

BMB MUNAI, INC.

Unless otherwise indicated by the context, references herein to the "Company", "BMB", "we", "our" or "us" means BMB Munai, Inc., a Nevada corporation, and its corporate subsidiaries and predecessors.

Forward Looking Information

Certain of the statements contained in all parts of this document including, but not limited to, those relating to our drilling plans, future expenses, changes in wells operated and reserves, future growth and expansion, future exploration, future seismic data, expansion of operations, our ability to generate new prospects, our ability to obtain a production license, review of outside generated prospects and acquisitions, additional reserves and reserve increases, managing our asset base, expansion and improvement of capabilities,

production equipment and personnel will likely also increase, potentially resulting, at least in the near-term, in shortages of equipment and personnel. In addition, larger producers may be able to secure access to such equipment by offering drilling companies more lucrative terms. If we are unable to acquire access to such resources, or can obtain access only at higher prices, not only would this potentially delay our ability to convert our reserves into cash flow, but this could also significantly increase the cost of producing those reserves, thereby having a negative impact on anticipated net income.

The unavailability or high price of transportation systems could adversely affect our ability to deliver our production to oil and natural gas markets on terms that would allow us to operate profitably, or at all.

Because of the location of our properties, the crude oil we produce must be transported by truck or by rail. In the future it will likely also be transported by pipelines. These railways and pipelines are operated by state-owned entities or other third parties, and there can be no assurance that these transportation systems will always be functioning and available, or that the transportation costs will remain at acceptable levels. In addition, any increase in the cost of transportation or reduction in its availability to us could have a material adverse effect on our results of operations. There is no assurance that we will be able to procure sufficient transportation capacity on economical terms, if at all.

Competition in the oil and natural gas industry is intense, which may adversely affect our ability to compete.

We operate in a highly competitive environment for acquiring properties, marketing oil and natural gas and securing trained personnel. Many of our competitors possess and employ financial, technical and personnel resources which are substantially greater than ours, this can be particularly important in the areas in which we operate. Those companies may be able both to pay more for productive oil and natural gas properties and exploratory prospects and to evaluate, bid for and purchase a greater number of properties and prospects than our financial or personnel resources permit. Our ability to acquire additional prospects and to find and develop reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. There is substantial competition for capital available for investment in the oil and natural gas industry. We may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel or raising additional capital.

Risks Relating to Our Business

The loss of senior management and key personnel could adversely affect us.

Our success is dependent on the performance of our senior management and key technical personnel each of whom has extensive experience in the oil and gas industry. The loss of such individuals, in particular, Boris Cherdabayev, our CEO and Chairman of our Board of Directors, or Toleush Tolmakov, the General Director of Emir Oil, our wholly-owned subsidiary, could have an adverse effect on our business. We do not have employment agreements in place with our senior management or key employees. We do not currently carry key man insurance for any

of our senior management or key employees, nor do we anticipate obtaining key man insurance in the foreseeable future.

If you purchase shares of our stock, your investment will be subject to the same risks inherent in international operations, including, but not limited to, adverse governmental actions, political risks, and expropriation of assets, loss of revenues and the risk of civil unrest or war.

We believe that the present policies of the government of the Republic of Kazakhstan are favorable to foreign investment and to exploration and production and we are not aware of any impending changes. While there is a certain amount of bureaucratic "red tape" we have significant experience working in Kazakhstan, and good relationships with government agencies at many levels.

We, however, remain subject to all the risks inherent in international operations, including adverse governmental actions, uncertain legal and political systems, and expropriation of assets, loss of revenues and the risk of civil unrest or war. Our primary oil and gas properties are located in Kazakhstan, which until 1990 was part of the Soviet Union. Kazakhstan retains many of the laws and customs of the former Soviet Union, but has and is continuing to develop its own legal, regulatory and financial systems. As the political and regulatory environment changes, we may face uncertainty about the interpretation of our agreements; in the event of dispute, we may have limited recourse within the legal and political system.

If we are successful in establishing commercially producible reserves on our properties, an application will be made for a commercial production contract. We have the exclusive right to negotiate this contract for the ADE Block and Extended Territory, and the government is required to conduct these negotiations under the "Law of Petroleum." Such contracts are customarily awarded upon determination that the field is capable of commercial rates of production and that we have complied with the other terms of our license and exploration contract. The terms of the commercial production contract will establish the royalty and other payments due to the government in connection with commercial production. At the time the commercial production contract is issued, we will be required to begin repaying the government its historical investment costs of exploration and development of the ADE Block and the Extended Territory. Our obligation associated with the ADE Block is approximately \$6 million. Our obligation associated with the Extended Territory

has not yet been determined and is currently being negotiated. If satisfactory terms for commercial production rights cannot be negotiated, it could have a material adverse effect on our financial position.

Employees

As of May 15, 2006 we had 199 full-time employees. We believe that our relationships with our employees are good. None of our employees are covered by a collective bargaining agreement. From time to time we utilize the services of independent consultants and contractors to perform various professional services. Field and on-site production operation services, such as pumping, maintenance, dispatching, inspection and testing are generally provided by independent contractors.

Executive Offices

Our principal executive and corporate offices are located in an office building located at 202 Dostyk Avenue, in Almaty, Kazakhstan. We lease this space and believe it is sufficient to meet our needs for the foreseeable future.

We also maintain administrative office in Salt Lake City, Utah. The address is 324 South 400 West, Suit 225, Salt Lake City, Utah 84101, USA.

Reports to Security holders

We file Annual Reports on Form 10-KSB, Quarterly Reports on Form 10-QSB, Current Reports on Form 8-K and other items with the Securities and Exchange Commission (SEC). We provide free access to all of these SEC filings, as soon as reasonably practicable after filing, on our Internet web site located at www.bmbmunai.com. In addition, the public may read and copy any documents we file with the SEC at the SEC's Public Reference Room at 100 F Street N.E., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains its Internet site www.sec.gov, which contains reports, proxy and information statements and other information regarding issuers like BMB Munai.

Item 3. Legal Proceedings.

In December 2003, a complaint was filed in the 15th Judicial Court in and for Palm Beach County, Florida, naming, among others, us, Georges Benarroch and Alexandre Agaian, current or former BMB directors, as defendants. The plaintiffs, Brian Savage, Thomas Sinclair and Sokol Holdings, Inc., allege claims of breach of contract, unjust enrichment, breach of fiduciary duty, conversion and violation of a Florida trade secret statute in connection with a business plan for the development Aksaz, Dolinnoe and Emir oil and gas fields owned by Emir Oil, LLP. The parties mutually agreed to dismiss this lawsuit without prejudice.

In April 2005, Sokol Holdings, Inc., also filed a complaint in United States District Court, Southern District of New York alleging that BMB Munai, Inc., Boris Cherdabayev, Alexandre Agaian, Bakhytbek Baiseitov, Mirgali Kunayev and Georges Benarroch wrongfully induced Toleush Tolmakov to breach a contract

under which Mr. Tolmakov had agreed to sell to Sokol 70% of his 90% interest in Emir Oil LLP.

In October 2005, Sokol Holdings amended its complaint in the U.S. District Court in New York to add Brian Savage and Thomas Sinclair as plaintiffs and to add Credifinance Capital, Inc., and Credifinance Securities, Ltd., (collectively "Credifinance") as defendants in the matter. The amended complaint alleges tortious interference with contract, specific performance, breach of contract, unjust enrichment, breach of fiduciary duty by Georges Benarroch, Alexandre Agaian and Credifinance, conversion, breach of fiduciary duty by Boris Cherdabayev, Mirgali Kunayev and Bakhytbek Baiseitov, misappropriation of trade secrets, tortuous interference with fiduciary duty by Mr. Agaian, Mr. Benarroch and Credifinance and aiding and abetting breach of fiduciary duty by Mr. Benarroch, Mr. Agaian and Credifinance in connection with a business plan for the development of the Aksaz, Dolinnoe and Emir oil and gas fields owned by Emir Oil, LLP. The plaintiffs have not named Toleush Tolmakov as defendant in the action nor have the plaintiffs ever brought claims against Mr. Tolmakov to